

ETHICS IN PROCUREMENT

staying squeaky clean...

ETHICS IN PROCUREMENT

- Why We Have Ethics in Procurement?
- Understanding Your Role
- Knowing the Rules
- Following the Rules
- Maintaining the Trust

Why We Have Ethics

- Maintain the Public's Trust in our Mission
- Spending Other People's Money
- Actions of One Affects Us All
- Encourages Contractors to Play and to Play Fair
- Consistent with Our Oath of Office
- Avoids Extra Work, Extra Cost, Extra Worry

UNDERSTANDING YOUR ROLE

- GPC Holder
- Billing Official
- Source Selection Evaluation Member
- Contracting Officer Representative
- Inspection Team

KNOWING THE RULES

- Conflicts of Interest
- Gifts
- Employment Restrictions
- Information

Conflicts of Interest

- “An employee is prohibited from participating personally and substantially in an official capacity in any particular matter in which, to his knowledge, he or any person whose interests are imputed to him under this statute has a financial interest, if the particular matter will have a direct and predictable effect on that interest.”

Conflicts of Interest

- Employee = You
- Official Capacity = SSEB, COR, GPC Holder, Billing Official, Inspection Team
- Particular Matter = Contract, Purchase
- Any Person Whose Interests Are Imputed to Him = Your Spouse or Child
- Financial Interest = one penny or more
- Direct and Predictable Effect = Some Probability

Conflicts of Interest

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Conflicts of Interest

- Individual Stock v. Mutual Funds
- Employment
- Negotiations for Employment
- Disclosure and Disqualification

You Decide...

- Unit Wants a Digital Camera to Document Condition of Equipment as It Arrives
- GPC Holder's Son Works at Best Buy
- Can the Camera Be Purchased at the Local Best Buy?

Gifts

- Prohibited Sources
- Non-Gifts (modest refreshments, discounts open to all, plaques, anything for which market value is paid)
- JER Limit - \$20/occurrence \$50/year
- DOC Policy – No Gifts

You Decide...

- Vendor Sends You a Fruitcake (value \$14)
- Vendor Sends You a Hickory Farms Basket (value \$32)
- Vendor Sends You a \$15 Gift Certificate
- Vendor Invites You and Family to A Private Screening of a Holiday Movie at a Local Cinema
- Vendor Offers to Pay Your Transportation Costs to Visit Their Factory For Training on Their Product that your Unit Uses

Employment Restrictions

- Employment Negotiations – Conflict
- Representing Back to Government on a Particular Matter (the Contract) – Lifetime Ban
- Representing Back to Government on a Particular Matter Handled by Someone Under Your Authority – 2 Year Ban
- Contract greater than \$10m – 1 year employment ban

Procurement Information

- Protecting Proprietary Information
- Protecting Proposals
- Unsuccessful Proposals v. Contract
- Protecting Selection Documents
- Handling FOUO Documents

FOLLOWING THE RULES

- Spot Issues
- Think Before You Act
- Ask Before You Act
- Report Questionable Behavior

MAINTAINING THE TRUST

- Everybody's Job
- Do the Paperwork to Document the File
- Be Honest
- Avoid Even the Appearance

FY07 Government Purchase Card/Ethics Refresher Training

FY07



GPC Team

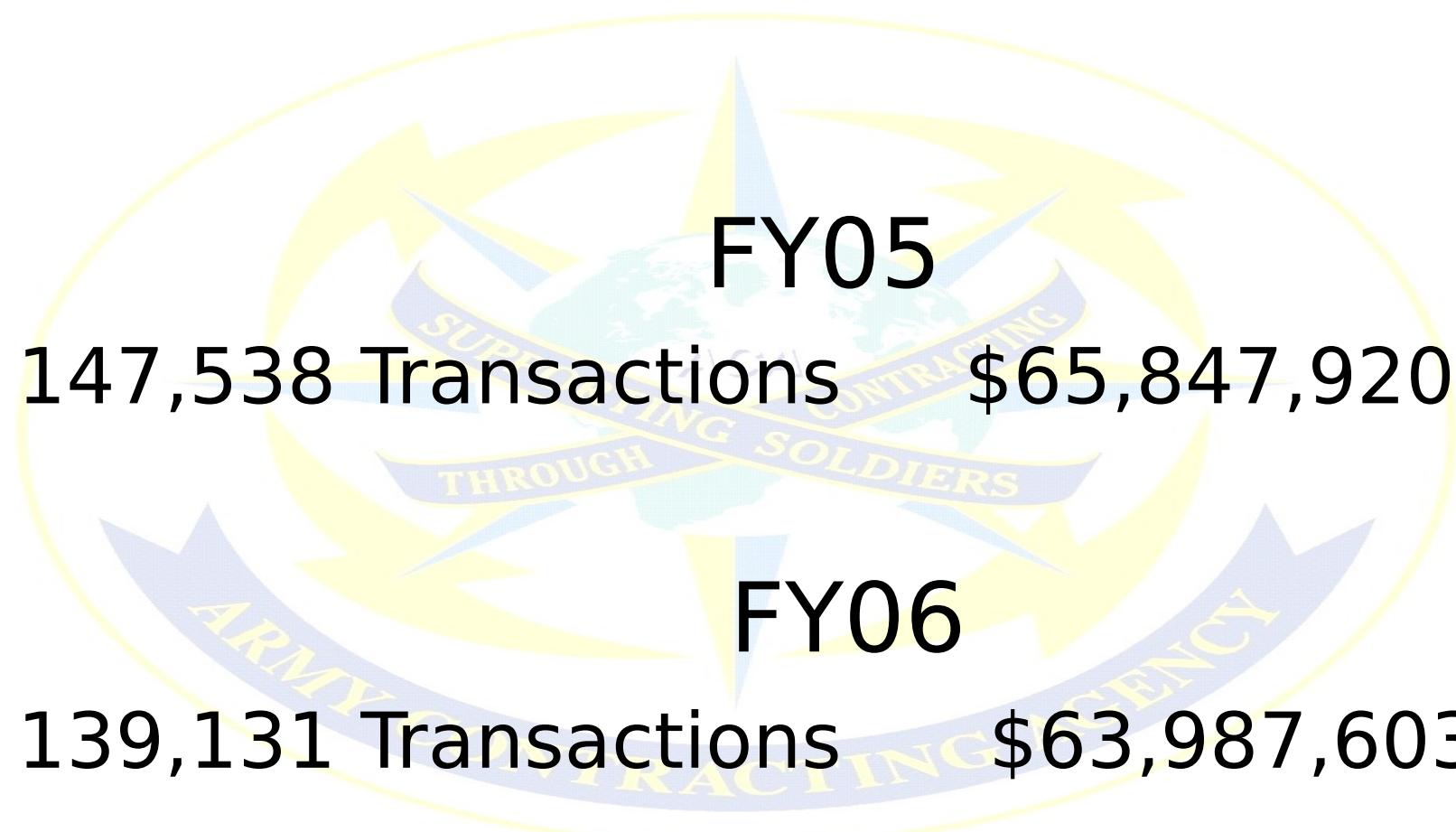
- Jainie Bell
- Mary Johnson
- Selena Artis



Bigger and Better

- U.S. government purchase card spending has grown dramatically.
 - • 1999: \$10.2 billion volume, 20.6 million transactions, 517,082 cards
 - • 2005: \$17.4 billion volume, 25.9 million transactions, 301,217 cards
 - 350 Federal Agencies and Tribal Organizations

Fort Knox



FY05

147,538 Transactions \$65,847,920

FY06

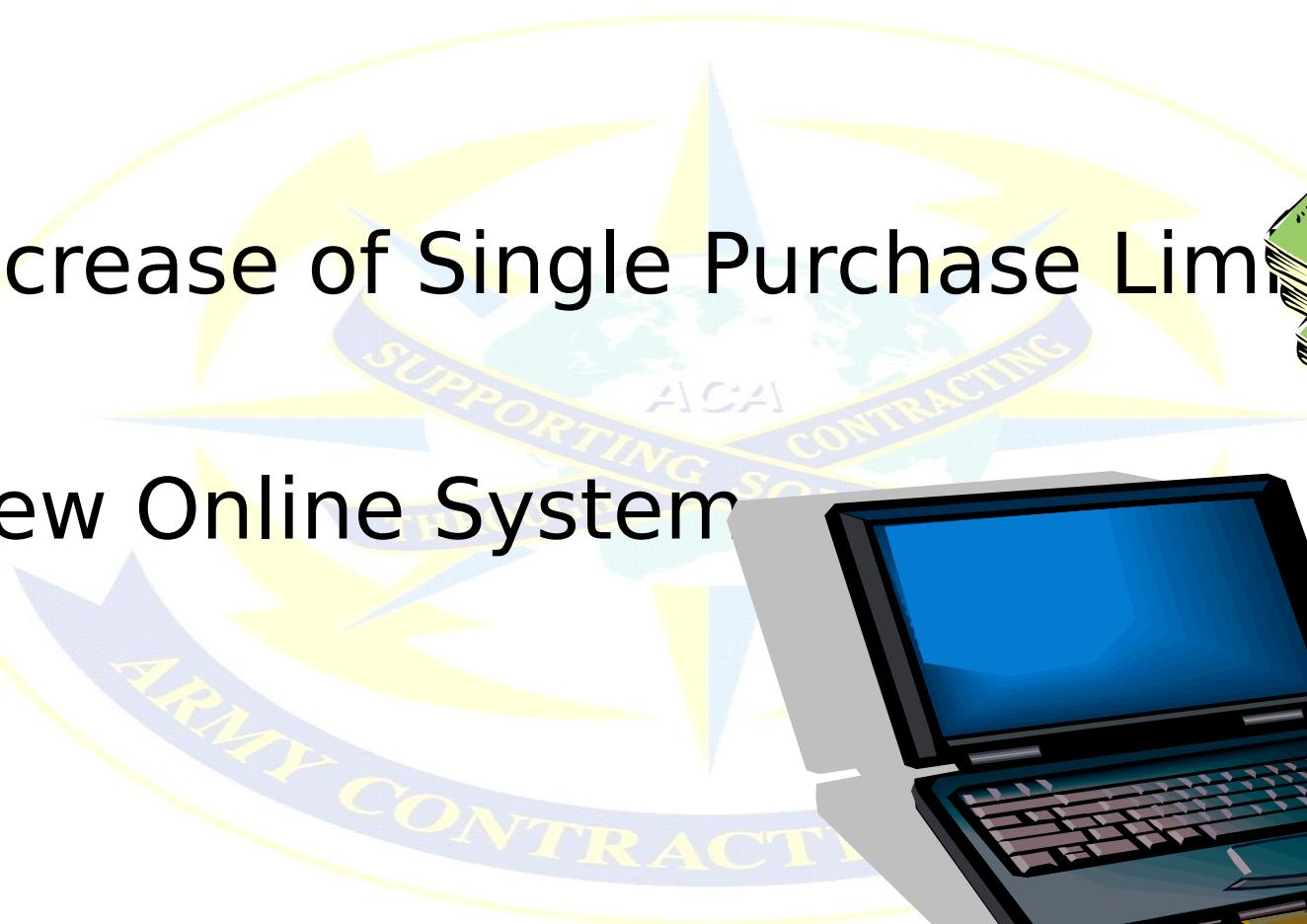
139,131 Transactions \$63,987,603



Growth Brings Change

Increase of Single Purchase Limit

New Online System



Authorization

- Federal Acquisition Circular (FAC) 2005-13 increases the micro-purchase threshold from \$2,500 to \$3,000 for purchase of supplies ONLY!



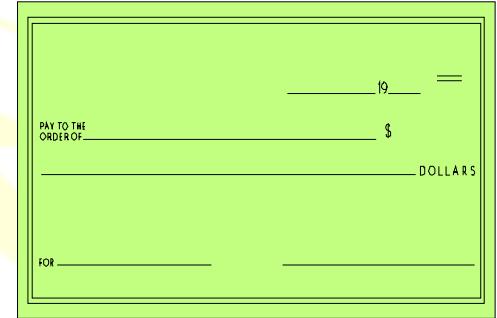
Maximum Single Purchase Limits for GPC Program

- Because of FAC 2005-13, the GPC Program now has three maximum single purchase limits:
 - **\$2,000** for construction
 - **\$2,500** for services
 - **\$3,000** for supplies / checking accounts

Checking Accounts

- Checks currently have printed
NOT TO EXCEED \$2,500.00

USBANK will honor new limits



When new checks are requested will have new limit

Checks are written as a last resort –
VISA accepting merchants are preferred

Clarification

- To help you identify whether your purchase is a supply, service, or construction requirement, review the definitions provided on the following slides.

Supply Definition

- **Supply:** All property except land or interest in land. Tangible, i.e., desks, chairs, paper, pencils, etc. (This should cover the majority of your GPC purchases.)

Service Definition

- **Service:** Directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. A service may be either a non-personal or personal. It can also cover services performed by either professional or non-professional personnel whether on an individual or organizational basis. Some of the areas in which service contracts are found include: maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment. Purchases shall not be processed to pay for performance of an inherently governmental function.

Service Definition (Cont'd)

- **Non-personal service:** The personnel rendering the services are not subject to the supervision and control usually prevailing in relationships between the Government and its employees.

Construction Definition

- **Construction:** Construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. For purposes of this definition, the terms “buildings, structures, or other real property” include, but are not limited to, improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, and channels. Construction does not include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property.

Construction Definition (Cont'd)

- **NOTE:** All construction requirements must be processed through your DPW for approval. That approval must be in the GPC file. If the requirement exceeds \$2,000, it must be submitted through PR Web to the Fort Knox Directorate of Contracting. **Do not split it into small segments in order to use the GPC!**

Procedure to Receive \$3,000 SPL for Supply Purchases

- As we do maintenance we are increasing the limits. Will send emails to cardholders when complete.
- If funds are available, the budget analyst will forward request to the Ft Knox DOC.

New GPC Personnel

- As of the 1 Nov 06 GPC class, attendees are receiving training on the new supply threshold.
- Activities will specify the supply single purchase amount in their request for each new cardholder account..

Warning!

- The spending limits for supplies (\$3,000), services (\$2,500) checking (\$2,500) and construction (\$2,000) are **set by statutes** and **will not be exceeded!**
- If a **cardholder with the \$3,000 supply limit uses their credit card for services over \$2,500 or construction over \$2,000, the single purchase limit for supplies will be reduced to \$2,500.**

ACCESS ONLINE

- April FY07
- Online training for Billing Officials and Cardholders



More Changes

- JWOD - Javits
Wagner
O'Day
Program
- AbilityOne -
Mandatory
Source



AbilityOne

- The Committee for Purchase From People Who Are Blind or Severely Disabled (the Committee) voted to change the name of the JWOD Program to the AbilityOne Program. The name of the program is being changed to AbilityOne to give a stronger, more unified identity to the program and to show a connection between the program name and the abilities of those who are blind or have other severe disabilities.

Office Supplies

- DOD Email
- <https://email6.prod.dodonline.net/main/>
- 19 vendors with Army BPA's
- No storefronts
- Volume Discount



Office Eagle

- Operated by Maryland Lighthouse for the Blind
- <http://supereaglesupply.com/>
- Provides employment for individuals who are visually impaired
- Convenient / Delivery/Online
- Mandatory AbilityOne products
- Variety of products and purchase methods

Areas of Concern

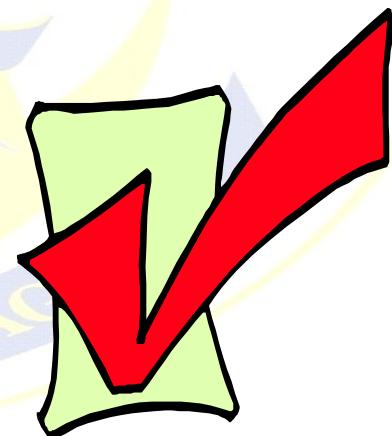
- Billing Official Oversight
- Alternate Billing Officials
- Electronic Transaction Log
- Third Party Payee
- Split Purchases



Billing Officials

- REQUIRED TO REVIEW CARDHOLDERS PURCHASE REQUESTS AND RECONCILE DOCUMENTATION TO INSURE PURCHASES ARE :
 - IAW GPC PROCEDURES
 - AUTHORIZED MISSION REQUIREMENTS

Also pecuniarily liable



Alternate Billing Officials

- Required by AR 715XX
- User ID's
- Log in periodically to remain active (6 months)



Log transaction to record detail.

Account Number: 4716301000090604

Account Name: AUSTIN,BRENDA,J

Trans. Date	Merchant	Amount	Requestor Name	Comment
05/22/01	DELL	1782.18		
05/22/01	HEWLETT PACKARD	1538.46		
New Entry				

Total Amount of Log Entries: 3320.64

Total Number of Log Entries: 2

Log Detail

Log Line Item Detail

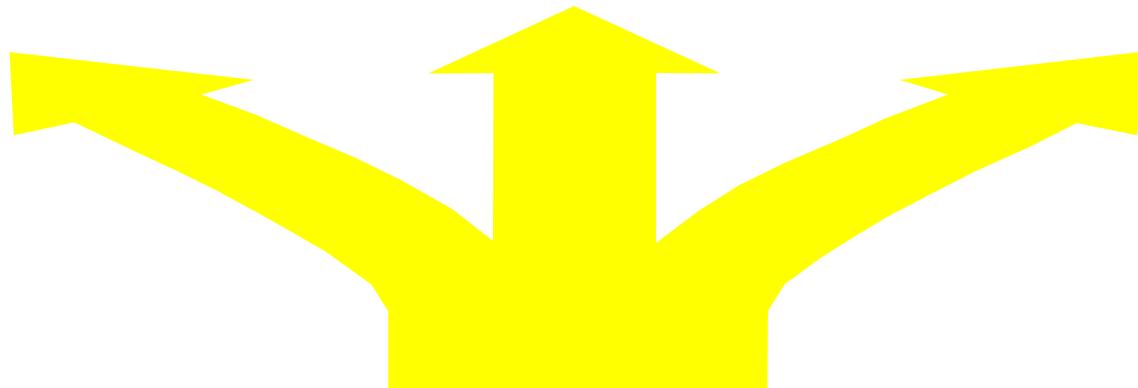
Transaction Date: <input type="text" value="06/04/2001"/> <input type="button" value="▼"/>	Need Date: <input type="text" value=" / "/> <input type="button" value="▼"/>	Requestor Name: <input type="text"/>	<input type="button" value="Add"/>
Date Received: <input type="text" value=" / "/> <input type="button" value="▼"/>	Due Date: <input type="text" value=" / "/> <input type="button" value="▼"/>	Trans. Method: <input type="text"/>	<input type="button" value="Remove"/>
Merchant: <input type="text" value="MICROSOFT TECHNICAL SUPPORT"/>	Authorization #: <input type="text" value="000118"/>		
Transaction Amt.: <input type="text" value="245.00"/>	Freight Amount: <input type="text" value="0.00"/>	Vendor Order #: <input type="text"/>	
Sales Tax: <input type="text" value="0.00"/>	Misc. Amount: <input type="text" value="0.00"/>	Other: <input type="text"/>	
Source Currency: <input type="text" value="U.S. Dollar"/> <input type="button" value="▼"/>	Shipped To: <input type="text"/>		
Source Amount: <input type="text" value="245.00"/>	Comment: <input type="text"/>		



- Cardholders are not allowed to purchase from merchants that use third party payment processes such as PayPal and others.
- Cardholders are required to purchase from merchants that accept VISA as a form of payment in the merchant's name or the parent company of the merchant.
- Third party payments result in higher costs to the government with added fees and the Army loses valuable credit card transaction data needed for surveillance of the GPC Program

PURCHASE SPLITTING

- **INTENTIONAL** BREAKDOWN OF PURCHASE TO STAY BELOW THE MICROPURCHASE LIMIT



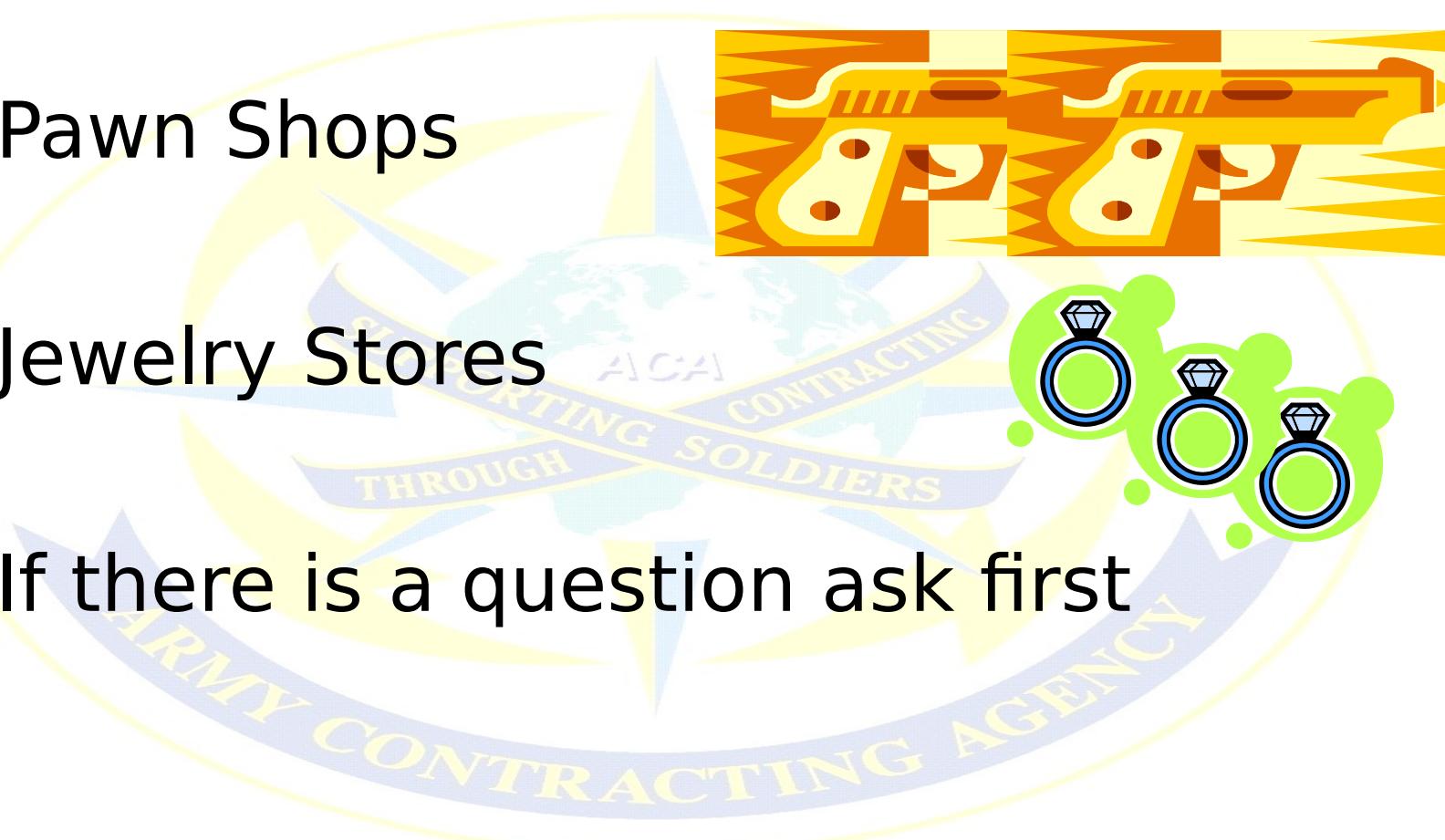
Purchases Above \$3,000.00

- PR Web
- Jeff Parry
- 624-7030



MCC Codes Blocked

- Pawn Shops
- Jewelry Stores
- If there is a question ask first





Bottled Water

- Not authorized
- Building has no potable water available



Personal Rewards

It is unauthorized for cardholders to use a personal membership, discount card, reward card or any other method of connecting a cardholder's government purchase card transactions to a personal gain for the cardholder individual.



Phishing



Email Fraud



Tips for spotting bogus e-mails are:

- **Urgent appeals.** These e-mails may claim your account will be closed if you fail to verify your personal information right away. The "Proceed Now!" line in the phony e-mail below is an example.
- **Requests for security information.** Fraudulent e-mails may claim that a bank has lost important security information that must be updated. They may ask you to update this information online.
- **Typos and other errors.** Typos and grammatical errors may be found in phony e-mails. The writing may also be stilted and awkward.

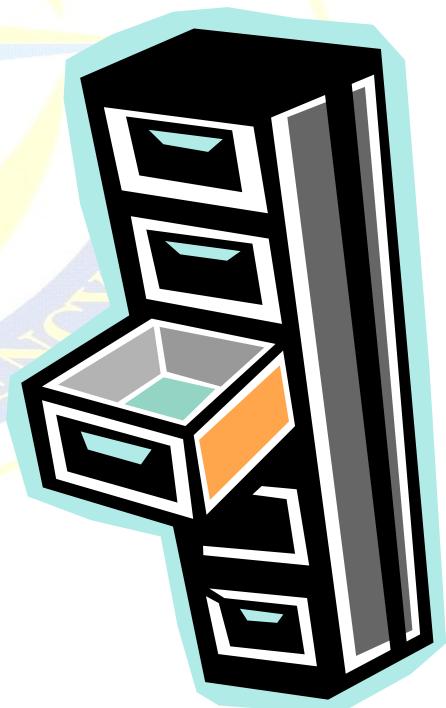
Reminder.....



- Unit Telephone(Fraud Department)
- GPC Office

File Requirements

- Billing Official - 6 years 3 months
- Cardholders - 3 years
- Files Remain in the Unit



File Documents

- AR 715XX
- Appointment Letters

Monthly

Copy of transaction log

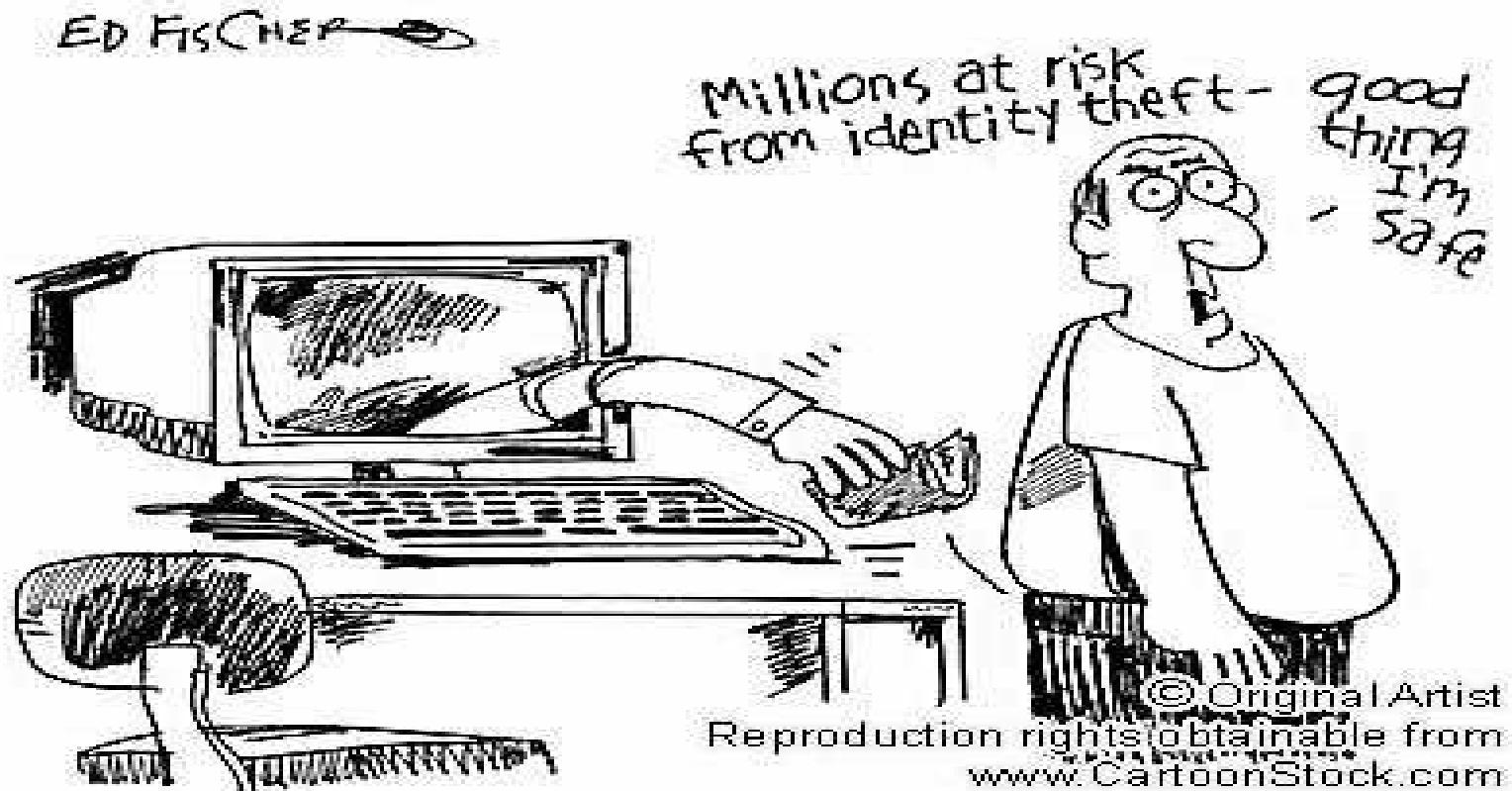
Receipts

Approvals

Copy of Statement



Identity Theft



Minimize Your Risk of Identity Theft

- Protect credit cards, bank accounts and phone accounts with passwords
- Use a firewall, virus protection and anti-spyware software
- Secure personal information in your home
- Ask about information-security procedures in the workplace
- Routinely order a copy of your credit report from each of the three credit bureaus
- Don't give out personal information on the phone, by mail or over the Internet
- Guard your mail and trash from theft
- Carry only the identification information and credit and debit cards that you need
- Be wary of promotional scams
- Keep your wallet or purse in a safe place at work

Questions



TEST

- What is the single purchase threshold for supplies? _____
- What is the single purchase threshold for services? _____
- When ordering online I can use PAYPAL for payments. TRUE or FALSE.
- My mandatory source to purchase office supplies is? _____
- The bank's fraud department will be the only contact I have with the bank. All other contact will come thru the Ft Knox GPC office. TRUE OR FALSE









Pray for Our Troops

